



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
PENDLETON COUNTY SHERIFF**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



**EXECUTIVE SUMMARY**  
**PENDLETON COUNTY**  
**LARK O'HARA, SHERIFF**  
**CALENDAR YEAR 1999 – FEE ACCOUNT**

On May 30, 2000, fieldwork was completed on the Calendar Year 1999 Pendleton County Sheriff audit.

**Independent Auditor's Report**

- An unqualified opinion was rendered, stating that the financial statement is presented fairly in all material respects.

**Comments and Recommendations:**

None

**Report On Compliance And On Internal Control**

- No reportable conditions are noted.



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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Henry W. Bertram, Pendleton County Judge/Executive

Honorable Lark O'Hara, Pendleton County Sheriff

Members of the Pendleton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Pendleton County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Henry W. Bertram, Pendleton County Judge/Executive  
Honorable Lark O'Hara, Pendleton County Sheriff  
Members of the Pendleton County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 30, 2000, on our consideration of the County Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 30, 2000



PENDLETON COUNTY  
LARK O'HARA, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Federal Grants:

Cops	\$ 35,085	
Grant For Vests	<u>1,357</u>	\$ 36,442

State Grants:

Cops Highway Safety	\$ 2,864	
KLEPF	<u>6,365</u>	9,229

State Fees For Services:

Finance and Administration Cabinet		5,584
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Circuit Court Clerk:

Sheriff Security Service	\$ 6,520	
Executions and Serving Papers	<u>1,133</u>	7,653

Fiscal Court:

Vehicle Lease	\$ 14,834	
Election Commissioner	<u>300</u>	15,134

County Clerk - Delinquent Taxes

3,206

Commission On Taxes Collected

114,877

Fees Collected For Services:

Auto Inspections	\$ 3,195	
Accident and Police Reports	215	
Serving Papers	11,876	
Convey Convicts	1,945	
Carrying Concealed Deadly Weapon Permits	4,575	
10% Add-On Tax Fee	19,102	
Advertising Fees	<u>444</u>	41,352

Other:

Insurance Reimbursement	\$ 9,383	
Miscellaneous	<u>405</u>	9,788

PENDLETON COUNTY  
 LARK O'HARA, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Receipts (Continued)

Interest Earned	\$	2,974
Borrowed Money:		
State Advancement		<u>45,989</u>
Gross Receipts	\$	292,228

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Gross Salaries	\$	35,208
Part-Time Gross Salaries		6,000
Other Gross Salaries		52,184

Employee Benefits-

Employer's Share Social Security		920
Employer's Share Retirement		4,567
Employer's Share Hazardous Duty Retirement		568

Materials and Supplies-

Office Materials and Supplies		3,593
Uniforms		4,114

Auto Expense-

Gasoline		8,155
Maintenance and Repairs		4,959
Car Phones		872

Other Charges-

Office Phones		1,572
Mobile Radio		4,032
Postage		753
Dues		336
Carrying Concealed Deadly Weapon Permits		3,055
Service of Papers		80
Transporting Prisoners		2,023
Miscellaneous		<u>930</u>
	\$	133,921

PENDLETON COUNTY  
 LARK O'HARA, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Capital Outlay-

Office Equipment - Computer	\$	945	
Vehicle Lease		14,388	
Vehicle Purchase		<u>16,700</u>	\$ 32,033

Debt Service:

State Advancement		<u>45,989</u>	
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Total Disbursements			<u>\$ 211,943</u>
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Net Receipts			\$ 80,285
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Less: Statutory Maximum			<u>57,765</u>
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Excess Fees Due County for Calendar Year 1999			\$ 22,520
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Payment to County Treasurer - January 12, 2000	\$	14,681	
January 25, 2000		<u>7,839</u>	<u>22,520</u>

Balance Due at Completion of Audit			<u><u>\$ 0</u></u>
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The accompanying notes are an integral part of the financial statement.

PENDLETON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

PENDLETON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

Note 4. Leases

The Pendleton County Sheriff entered into a lease-purchase agreement for 36 months with the Ford Motor Company on April 28, 1998, for two Ford Crown Victorias. The balance due as of December 31, 1999 was \$14,388. The fiscal court has approved the agreement and returns the amount for yearly lease payments from the Sheriff's excess fees.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Henry W. Bertram, Pendleton County Judge/Executive  
Honorable Lark O'Hara, Pendleton County Sheriff  
Members of the Pendleton County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Pendleton County Sheriff as of December 31, 1999, and have issued our report thereon dated May 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Pendleton County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pendleton County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Henry W. Bertram, Pendleton County Judge/Executive  
Honorable Lark O'Hara, Pendleton County Sheriff  
Members of the Pendleton County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 30, 2000

